

Message Text

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PAGE 01 JAKART 06581 200636Z

ACTION EA-09

INFO OCT-01 ISO-00 OTPE-00 COME-00 ACDA-07 CIAE-00
DODE-00 PM-04 INR-07 L-03 NSAE-00 NASA-01 NSC-05
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FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 1209
INFO AMEMBASSY BANGKOK
AMEMBASSY KUALA LUMPUR
AMEMBASSY SINGAPORE
AMEMBASSY MANIA

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E.O. 11652: N/A

TAGS: BEXP, ASEAN ID

SUBJECT: ASEAN USE OF INDOESIA SATELLITE

REF: 76 JAKARTA 61469

1. SUMMARY: GOI AND INDUSTRY SOURCES REPORT THAT THAILAND AND THE PHILIPPINES MAY BE NEAR A DECISION TO USE THE INDO-NESIAN DOMESTIC SATELLITE PALAPA FOR THEIR RESPECTIVE DOMESTIC COMMUNICATIONS SYTEMS. PALAPA PROBABLY WILL NOT BE USED AS AN ASEAN REGIONAL SATELLITE DUE TO INTELSAT REGULATIONS WHICH BAR SUCH USE. WORK ON THE ASEAN SUBMARINE CABLE NETWORK IS GETTING UNDERWAY. END SUMMARY.

2. FOLLOWING THE FIRST MEETING OF THE ASEAN SUBCOMMITTEE ON POSTS AND TELECOMMUNICATIONS IN JOGJAKARTA APRIL 20-22, THE LOCAL PRESS REPORTED THE LIKELIHOOD OF THE OTHER ASEAN STATES USING THE INDONESIAN DOMESTIC SATELLITE (PALAPA) FOR THEIR DOMESTIC COMMUNICATIONS SYSTESMS. SUTANGER TENDER, DEPUTY DIRECTOR GENERAL OF THE GOI DIRECTORATE GENERAL
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PAGE 02 JAKART 06581 200636Z

FOR POST TEL. HAS CONFIRMED TO EMBOFF THAT IT IS INDEED QUITE POSSIBLE THAT THAILAND AND THE PHILIPPINES WILL USE PALAPA INSTEAD OF INTELSAT FOR DOMESTIC COMMUNICATIONS SYSTEMS THEY WILL BE CONSTRUCTING SHORTLY. HE SAID THERE IS EVEN A SLIGHT CHANCE THAT MALAYSIA WILL SWITCH FROM INTELSAT TO PALAPA FOR ITS ALREADY ESTABLISHED DOMESTIC COMMUNICATIONS SYTEM. THE BASIC REASON IS THAT PALAPA,

BEING DIRECTED TO A MUCH SMALLER AREA THAN INTELSAT, REQUIRES SMALLER EARTH STATIONS AND IS THEREFORE CHEAPER. TENGGER HOPED THE RP AND RTG WOULD MAKE THEIR DECISIONS SOON.

3. FYI: REFTEL REPORT THAT PALAPA WAS NOT COST COMPETITIVE WITH INTELSAT WAS BASED ON INFORMATION PROVIDED BY LCOAL REP OF HUGHES AIRCRAFT, COMPANY WHICH BUILT AND LAUNCHED PALAPA. REP NOW INFORMS US THAT PALAPA HAS BEEN MADE CHEAPER FOLLOWING GOI DECISION TO UNDERCUT INTELSAT. GOI ABLE TO REDUCE RATES OFFERED TO ASEAN PARTNERS BECAUSE IT IS NOW LEASING LINES ON ITS BACKUP SATELLITE WHICH IT FORMERLY HAD INTENDED TO REMAIN UNUTILIZED. RATES FOR BACKUP SATELLITE ARE CONSIDERABLY LOWER THAN FOR PRIMARY, AND ALTHOUGH BACKUP SATELLITE WOULD BE USED FOR PRIMARY CUSTOMERS IN EVENT OF A PRIMARY BREAKDOWN, THE RISK OF SUCH A BREAKDOWN IS SMALL AND ONE WHICH THE RP AND RTG ARE WILLING TO RUN. HUGHES REPS HAVE BEEN PUSHING HARD IN THOSE TWO COUNTRIES ON BEHALF OF PALAPA, AS WELL AS HUGHES-BUILT GROUND STATIONS. LOCAL REP NOW FAIRLY CONFIDENT THAT HUGHES WILL BE GIVEN CONTRACT TO BUILD THAI STATION, AND ALSO BELIEVES HE WILL GET AT LEAST A PART OF THE PHILIPPINE WORK, DESPITE AN EARLIER RP CONTRACT FOR GROUND STATIONS WITH A JAPANESE FIRM. HUGHES PUSHING HARD FOR RP-THAI USE OF PALAPAS I AND II EVEN THOUGH IT EARNS NOTHING FROM THEIR USE OF THESE INONESIAN SATELLITES, BECAUSE AS SOON AS THE TWO CURRENT SATELLITES ARE FULLY UTILIZED THE GOI MAY BE IN THE MARKET FOR MORE. SELLING SATELLITES IS LIMITED OFFICIAL USE

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PAGE 03 JAKART 06581 200636Z

WHERE THE REAL MONEY IS ACCORDING TO HUGHES. END FYI.

4. A RELATED ISSUE IS USE OF PALAPA FOR AN ASEAN REGIONAL SATELLITE COMMUNICATIONS SYSTEM. HOWEVER, ACCORDING TO TENGGER, COUNTRIES WITH DOMESTIC SATELLITES ARE REQUIRED BY INTELSAT TO REFRAIN FROM USING THESE DOMSATS FOR INTERNATIONAL (REGIONAL) PURPOSES. (NO SUCH CONSTRAINT EXISTS ON USING ONE COUNTRY'S SATELLITE FOR ANOTHER COUNTRY'S DOMESTIC SYSTEM.) TENGGER SAID OTHER REGIONAL SATELLITE OPERATIONS, HE CITED THE MIDDLE EAST AND WESTERN EUROPE, WERE SPRINGING UP, BUT SAID THAT UNTIL THIS INTELSAT CONSTRAINT IS NEGOTIATED AWAY, IT IS UNLIKELY THAT PALAPA WILL BE PUT INTO USE FOR INTER-ASEAN COMMUNICATIONS.

5. IN THE MEANTIME, ASEAN IS FORGING AHEAD WITH ITS MULTI-MILLION DOLLAR SUBMARINE CABLE NETWORK TO IMPROVE TELECOMMUNICATIONS LINKS OF THE MEMBER COUNTRIES. ACCORDING TO PRESS REPORTS HERE, THE \$116 MILLION CONTRACT (WITH

STANDARD TELEPHONE AND CABLE S OF THE UK) FOR PHASE I
BETWEEN SNGAPORE AND THE PHILIPPINES WAS SIGNED RECENTLY
IN SINGAPORE. IT IS TO BE COMPLETED BY JANUARY 1979.
THE SINGAPORE-MALAYSIA-THAILAND CABLE COSTING \$64 MILLION
IS EXPECTED TO BE COMPLETED BY 1980; THE SINGAPORE-
INDONESIA LINK (NO INFORMATION YET AVAILABLE ON THE TENDER
PROCEDURES) BY 1979 AT A COST OF \$50 MILLION; AND THE
THAILAND-PHILIPPINES LINK BY 1982 AT A COST OF \$148 MILLION.
OWNERSHIP OF THE ENTIRE NETWORK WILL BE SHARED AMONG THE
FIVE COUNTRIES ONCE IT IS COMPLETED.
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